



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

April 27, 2005

Kinde Durkee, Treasurer
Stonewall Democratic Club
601 S Glenoaks Blvd #211
Burbank, CA 91502

Response Due Date:
May 27, 2005

Identification Number: C00323923

Reference: Year-End Report (7/1/03 - 12/31/03)

Dear Ms. Durkee:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-Schedule B supporting Line 22 discloses \$5,000 in transfers to what appears to be a non-federal account of your committee. Please provide further clarification regarding this transfer to your non-federal account.

You are advised that 11 CFR §102.5 prohibits a non-federal account from financing activity in connection with federal elections. If any of the disbursements disclosed on Schedule B supporting Line 22 were made to influence the election or defeat of specific federal candidates, the disbursements should be allocated accordingly and disclosed as either in-kind contributions on Schedule B supporting Line 23, independent expenditures on Schedule E supporting Line 24, or as coordinated expenditures on Schedule F supporting Line 25. 11 CFR §§104.3(b)(3) and 106.1 In addition, if your non-federal account has paid any expenditures which should have been allocated, you are advised to correct any non-compliance with 11 CFR §§106.6 and 106.7 and establish procedures to insure future compliance with allocation regulations.

-Schedule B supporting Line 22 of your report discloses disbursements for apparent refunds or rebates to your non-federal account for a previously allocated expense. Please be advised the refunds or rebates must be

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allocated between the federal and non-federal accounts according to the same allocation ratio used to allocate the original disbursement. Furthermore, the federal account must transfer the non-federal portion to the non-federal account using one of two methods.

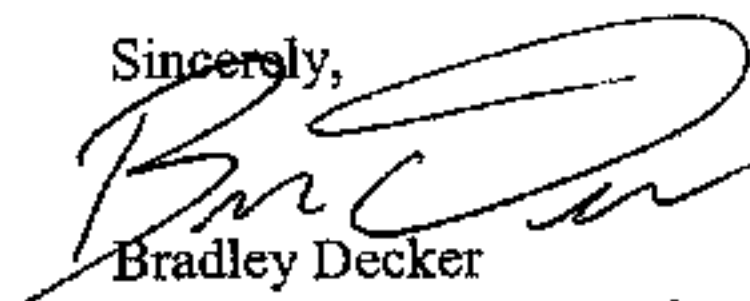
The method of reporting described in Advisory Opinion 1995-22 allows a committee to itemize the refund or rebate as a negative entry on Schedule H4. Alternatively, a committee may disclose the receipt of the refund or rebate into the federal account on Schedule A supporting Line 15, and the transfer of the non-federal account's share to the non-federal account on Schedule H4. Please refer to the enclosed sample of properly reported refunds and rebates of allocable activity and amend your report as appropriate.

-Schedule H2 of your report indicates that your committee participated in "Dues" activities or events during the reporting period. However, there are no corresponding disbursements reflected on your Schedule H4. Note that you need not include activities on Schedule H2 if there are no corresponding payments made for the activity during the reporting period. If any disbursements were incorrectly reported, you should file an amended Schedule H4 with the correct activity or event identifier, or provide clarifying information regarding the activities on Schedule H2.

Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1301.

Sincerely,


Bradley Decker
Campaign Finance Analyst
Reports Analysis Division

ALLOCATION OF REBATE (H4) (METHOD 1)

SCHEDULE H4 (FEC Form 3X) DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				PAGE 1 OF 1 FOR LINE 21A OF FORM 3X
NAME OF COMMITTEE OR FUND Freedom Party State Committee				
A. Full Name (Last, First, Middle Initial) Acme Office Supplies		Allocated Activity or Event: <input checked="" type="checkbox"/> Administrative <input type="checkbox"/> Fundraising <input type="checkbox"/> Election		
Mailing Address 111 Puddingpenell St.		<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support		
City ST	State ST	Zip Code 00000	Allocated Activity or Event Year-By-Month 6,600.00	
Purpose of Disbursement: Rebate		(U) Category Type	Date: 03 15 2004	
Activity or Event Identifier				
FEDERAL SHARE +		NON-FEDERAL SHARE =		TOTAL AMOUNT
-144.00		-156.00		-300.00

RECEIPT OF REBATE (A/LINE 15) (METHOD 2)

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		FOR LINE NUMBER OTHER USE ONLY	PAGE 1 OF 1
NAME OF COMMITTEE OR FUND Freedom Party State Committee		Date of Receipt 03 01 2004	
A. Full Name (Last, First, Middle Initial) Acme Office Supplies		Amount of Each Receipt this Period 400.00	
Mailing Address 111 Puddingpenell St.		Rebate	
City ST	State ST	Zip Code 00000	
FEC ID number of contributing federal political committee C			
House of Origin Occupation			
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (Specify)		Applicable 1047-10-0000 400.00	

NONFEDERAL TRANSFER (H4) (METHOD 2)

SCHEDULE H4 (FEC Form 3X) DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				PAGE 1 OF 1 FOR LINE 21A OF FORM 3X
NAME OF COMMITTEE OR FUND Freedom Party State Committee				
A. Full Name (Last, First, Middle Initial) Freedom Party State Committee Nonfederal Account		Allocated Activity or Event: <input checked="" type="checkbox"/> Administrative <input type="checkbox"/> Fundraising <input type="checkbox"/> Election		
Mailing Address 111 Politics St.		<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support		
City ST	State ST	Zip Code 00000	Allocated Activity or Event Year-By-Month	
Purpose of Disbursement: Transfer of Nonfederal Share of Rebate (See Schedule A)		(U) Category Type	Date: 03 15 2004	
Activity or Event Identifier				
FEDERAL SHARE +		NON-FEDERAL SHARE =		TOTAL AMOUNT
256.00		144.00		400.00

9. Refunds and Rebates of Allocable Expenses

If a committee receives a refund or a rebate of an allocable expense, the refund or rebate must be deposited in the federal or allocation account. The refund or rebate must then be allocated between the federal and nonfederal accounts according to the same allocation ratio used to allocate the original disbursement. The federal account must transfer the non-federal portion to the nonfederal account.

Example

A committee receives a \$400 rebate on office equipment from the Acme Office Store. The original purchase was an administrative expense allocated according to the following ratio: 64 percent federal; 36 percent nonfederal.

Reporting Method 1 illustrates how this rebate would be reported according to the method approved in Advisory Opinion (AO) 1995-22. Reporting Method 2 shows how the rebate would be reported under an alternative method.

Reporting Method 1

Using the method of reporting described in AO 1995-22, the committee discloses the receipt of the rebate and the federal and nonfederal shares on Schedule H4.

The amounts are negative entries subtracted from total shared federal and nonfederal disbursements for the reporting period (disclosed on Lines 21 a(i) and (ii) of the Detailed Summary Page).

Reporting Method 2

Under the alternative method, the committee reports the receipt of the \$400 rebate under the category "Offsets to Operating Expenditures" on

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